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ECONOMIC INTELLIGENCE SURVEY *larger*

SURVEY OF *smaller & all same  
size type*  
PROFESSIONAL PERSONNEL

Engaged in  
Economic Intelligence and Related Economic Research  
on  
Sino-Soviet Bloc and Non-Bloc Areas

EIC-S-30

~~21 July~~ 1958  
1 September

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ECONOMIC INTELLIGENCE COMMITTEE

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add notes  
as in other  
surveys*

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ECONOMIC INTELLIGENCE SURVEY

SURVEY OF  
PROFESSIONAL PERSONNEL  
ENGAGED IN  
ECONOMIC INTELLIGENCE AND RELATED ECONOMIC RESEARCH  
ON  
SINO-SOVIET BLOC AND NON-BLOC AREAS

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FOREWORD

This survey was undertaken as part of the EIC's responsibility under DCID 3/1,\* paragraph 3 a (2), to "Periodically survey the facilities and arrangements available to support the production of foreign economic intelligence relating to the national security and make recommendations to the IAC concerning such improvements as may require IAC action."

The report is a statistical survey of the numbers of professional personnel in the US Government engaged in economic intelligence and related economic research on the Sino-Soviet Bloc and on non-Bloc areas. In contrast to previous surveys, the present survey also includes such data on US Government-sponsored Contract (External) Research. Where comparable data are available, charts comparing the magnitude of the research effort as of 1 January 1958 and 1 January 1958 are included. In addition, departmental and agency allocations of effort during calendar year 1957 are reported in percentage terms.

In Tables I A and I B, which enumerate the numbers of professional personnel engaged in economic intelligence and related economic research on the Sino-Soviet Bloc and on non-Bloc areas, respectively, multiple breakdowns of the reported data are presented. Numbers of personnel are reported as "One-man Full-time Equivalents" for comparability purposes. The data are presented lineally as Grand Totals and Agency Subtotals; Subtotals and Agency Totals by major subject division; and Agency Totals by subject subdivisions. Furthermore, the data are totaled and subtotaled by columns both by geographic area coverage and by Agency (Internal) and Contract (External) Research. This fineness of division of the tabular data serves two useful purposes; it (a) allows for a degree of analysis which would not otherwise be possible, and (b) permits consumers, as well as personnel engaged in similar research activities, who need assistance on specific problems to determine the magnitude of the effort allocated to his problem on an area, subject, and Agency basis. In Tables II A and II B, Agency allocations of research effort are presented: lineally by geographic area and by Agency; and in columns by end user allocation.

Although the data in these four tables are presented in an apparently refined statistical tabulation, the actual allocations of personnel and their individual responsibilities are in a constant state of flux within the reporting departments and agencies and their subordinate components and comparisons over time, such as are

\* Director of Central Intelligence Directive 3/1: Production and Coordination of Foreign Economic Intelligence, approved by the Intelligence Advisory Committee (IAC 10 June 1958. /Formerly DCID 15/1, 14 September 1954/

S-E-C-R-E-T

S-E-C-R-E-T

made in the accompanying Charts 1 and 2, should be interpreted as indicators of trends and general levels of research effort rather than as numerically accurate statistical relationships.

Three previous EIC personnel surveys\*, individually as well as in correlation, pointed up certain deficiency and certain problem areas within the intelligence community on which corrective action was possible. Areas of inadequate research and of duplication or mis-allocation of effort were more readily apparent as the result of these surveys and, although they contained neither analytical summaries nor specific recommendations, they did provide some of the impetus and guidance for actions later taken within the intelligence community.

In the light of these actions taken within the intelligence community after the completion of the earlier surveys, the EIC has reviewed this survey and has incorporated as a part of the report the findings which it has derived from an analysis of the data.

US Government components which were asked to contribute data for the preparation of this survey include all Departments and Agencies which have either direct or indirect responsibilities for the production of economic intelligence. Contributions were requested from the following US Government components:

State	Interior
Army	International Cooperation
Navy	Administration
Air Force	Justice **
Joint Staff	Labor
CIA	Office of Defense Mobiliza-
Agriculture	tion**
Civil Aeronautics Board	Office of the Secretary of
Commerce	Defense
Export-Import Bank	Securities and Exchange Com-
Federal Communications**	mission***
Federal Reserve	Treasury
Federal Trade Commission**	US Information Agency**
Health, Education, and	US Tariff Commission**
Welfare***	

- \* a. EIC-S-2, "Survey of Professional Personnel Engaged in Research on Communist China, 19 May 1952;"
- b. EIC-S-3/1, "Survey of Professional Personnel in the US Government Engaged in Economic Intelligence Research on the USSR and Eastern Europe, January 1953;" and
- c. EIC-S-10, "Survey of Professional Personnel in the US Government Engaged in Economic Research on Non-Soviet Areas, June 1953."

\*\* Reported no personnel engaged in economic intelligence and related research.

\*\*\* No reply received.

- 2 -

S-E-C-R-E-T

S-E-C-R-E-T

FINDINGS

An overall analysis of the magnitude and direction of the present effort as shown in Tables I-A and I-B and the allocation of this effort as shown in Tables II-A and II-B indicates that with perhaps certain minor exceptions the IAC and non-IAC agencies who contribute to the production of economic intelligence are, as of this date, operating more efficiently and with a more rational division of responsibilities than in 1953, notwithstanding a smaller personnel complement. Many of the grosser changes which were indicated by review of the results of the earlier surveys have been effected and the intelligence community, insofar as the production of economic intelligence is concerned, seems to be meeting its responsibilities effectively with the resources available.

Chart 1, A Comparison of Economic Intelligence Research Effort on the Sino-Soviet Bloc, reflects the drop of over 30 percent between 1 January 1953 and 1 January 1958 in the total number of personnel in the US Government engaged in this activity. This significant drop is explained, in large part, by: (a) actions taken during this period by the community to reduce areas of duplication of effort consonant with the allocations of responsibility outlined in DCID 3/1; and (b) reductions in total authorized professional T/O's in some components.

However, this decrease in total effort is misleading if considered only in absolute terms. Over the five-year period the higher echelons of the intelligence community, as well as the levels of government concerned with policy as it relates to national security, have become increasingly cognizant of the importance of economic intelligence particularly as it relates to other aspects of intelligence. As a result, direct consumer requests on the responsible intelligence elements of the community have risen markedly during this period. In the judgment of the EIC the responses to such requests have risen, again markedly, not only in terms of the volume of production but, more importantly, in terms of the quality of the product. The EIC believes that this improvement is based on two predominant factors. The first, mentioned above, is related to the rational allocation of effort in terms of departmental and agency areas of responsibility. The second, and more significant, is the continually growing level of professional competence. In certain departments and agencies, both the internal and external training programs of on-board personnel and the selective recruitment of especially qualified persons have had a major impact on the over-all competence of these elements. In addition, the increasing professional maturity of a relatively stable core of researchers and supervisors has contributed to the improvements noted.

One other important change should be explicitly noted in a review of Chart 1. As of January 1953, less than nine percent of total research effort was directed towards economic intelligence

S-E-C-R-E-T

## S-E-C-R-E-T

analysis of Communist China. This serious deficiency was noted at that time and efforts were undertaken to correct it. As of January 1958, almost 13 percent of the total research effort was directed towards the Communist China and Far Eastern Satellite area, and an additional 35 percent was directed towards research on the Sino-Soviet Bloc as a whole. Thus, with a significant share of this latter effort relating to Bloc areas in the Far East or to the inter-relationships of these areas with the rest of the Bloc, the total effort in this priority field has markedly increased.

Chart 2, A Comparison of Economic Intelligence Research Effort on Non-Bloc Areas, similarly presents, in abbreviated form, the absolute data derived from the reports of the participating departments and agencies and compares it with data available from the 1953 survey. Again, as for the Sino-Soviet Bloc area (See Chart 1), a significant drop in the total number of personnel has occurred. For the non-Bloc area the reduction is just over 50 percent.

Over 80 percent of this total reduction can be accounted for by the change in the number of personnel reported by MSA for 1953 as compared with the number reported by its successor, the ICA. In part, this reduction reflects the large drop in the personnel of the Paris and Washington offices assigned to the European program. In part, however, the decrease reported for MSA-ICA appears to represent a more strict interpretation of the definition of the personnel to be reported.

The other significant drop in total effort occurred within the Department of the Air Force. It was effected for two principal reasons: (a) reduction of duplication and overlap with other departments and agencies; and (b) the reassignment of personnel, under specific T/O ceiling limitations, to higher priority Air Force activities. At the same time, however, examination of the data indicates that the other IAC, as well as a number of the non-IAC departments and agencies increased their total efforts on economic intelligence research in non-Bloc areas by small, but significant increments.

The EIC judgments with respect to Chart 1 again obtain as they relate to the non-Bloc areas covered in Chart 2. The elimination of duplication and the rational reallocation of labor in a manner consonant with agency responsibilities has occurred in these research areas while, at the same time, the level of consumer demand and producer response has concomitantly increased in both quantitative and qualitative terms. Chart 2 shows a reduction between the years covered in total effort directed towards economic intelligence research on the European area. In part, the decrease is due to the difference in interpretation of personnel to be reported by MSA-ICA, but it is also doubtless due to the fact that the U. S. has become less directly involved in European economic recovery, and that the peak of effort devoted to the building up of the European defense effort has been passed. Conversely, other areas (Africa, Near East, South and Southeast Asia, and the Far East) show a significant

- 4 -

S-E-C-R-E-T

## S-E-C-R-E-T

increase which is a direct reflection of the markedly greater intelligence interest in these areas during the five-year time span examined.

Charts 3 and 4, which present the summary data from Tables II A and II B, and which summarize the allocation of economic intelligence activities, unfortunately do not have counterparts for an earlier year. Comparison over time and the observation of changes are therefore not possible. There are, however, a number of comments in relation to the Basic Research and Analysis category that should be pointed out in relation to these tables and charts. In actual fact there is virtually no Basic Research and Analysis which is carried out purely as an end in itself. This category is a residual element after all research which is identifiably assignable to the other categories has been allocated. In many cases this research is undertaken after the identification of intelligence gaps which have become apparent as the result of the production of finished intelligence in support of one of the consumer categories. In effect, then, it is research designed to make the next reply on this subject more responsive to the consumer's request. Similarly, the research may be undertaken because of an awareness of the need for finished intelligence on a particular subject. The third significant reason for placement within this category is inability specifically or accurately to categorize the research effort in terms of ultimate requestor. In many cases, by the time a high level request travels through a number of command and/or liaison channels, the producing component is aware only that it is a priority request from an unknown consumer and that it requires basic research and analytical effort to respond to the request.

S-E-C-R-E-T



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S-E-C-R-E-T

Table I-A

Professional Personnel Engaged in Economic Intelligence and Related Economic Research  
on the Sino-Soviet Bloc, 1 January 1958  
(Continued)

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1. Includes only personnel covering entire Bloc or whose work shifts from area to area within the Bloc in such a way as to make it impossible to allocate their time among the areas specified.
  2. Includes professional personnel engaged on external research projects or employed on a contract basis within agency and not included in Agency personnel.
  3. Personnel engaged in activities within this over-all category whose work cannot be allocated to specific sub-categories.
  4. Includes food processing, textiles and clothing, and consumer durables.
  5. Includes all ferrous and nonferrous metals and minerals except coal and peat, oil and oil shale, and radioactive metals and minerals which are reported under "Energy" subdivision in appropriate category.
  6. Includes both military and non-military aircraft and ships.

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